

FISCAL NOTE

HB 2797 - SB 2786

March 26, 2004

SUMMARY OF BILL: Requires the state to hire an independent contract management company to conduct requests for proposals of any contract totaling \$1,000,000 or more.

ESTIMATED FISCAL IMPACT:

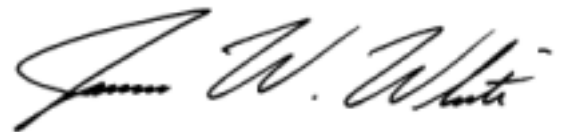
Increase State Expenditures - Exceeds \$5,678,100

Estimate assumes:

- The Department of Finance and Administration estimates that each state contract that falls under the provisions of this bill will cost the state an additional \$50,000 because, in addition to any fee paid to the contractor, an additional RFP would be required to hire the contractor.
- The following departments have provided estimates of the number of contracts that would be subject to the provisions of this bill:
 - The University of Tennessee - 20 contracts
 - The Board of Regents - 30 contracts
 - The Department of Finance and Administration - 43 contracts
 - The Department of Transportation - 8 contracts
 - The Department of Human Services - 8 contracts
- The Department of Finance and Administration estimates it would need 4 new positions in the Office of Contract Review and one new attorney to carry out the provisions of the bill. The total recurring cost for these employees is \$228,100.
- Because no individual contracting firm would have expertise in the numerous goods and services for which the state enters into contracts, it is assumed that individual companies would be used to develop RFPs for their particular areas of expertise rather than having one firm conduct all RFPs.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director